



Diesel Technology Forum Legislative Update

Midwest Clean Diesel Initiative

May 2, 2006

Diesel Technology Forum

Objective:

Increase awareness about clean diesel technology

Membership:

Includes energy companies, engine & vehicle manufacturers and emission treatment companies

Methods:

Educational materials & outreach events

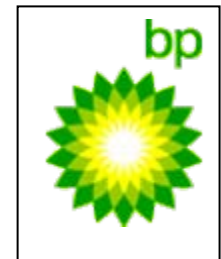


Diesel Technology Forum

Leaders in Promoting Clean Diesel Technology



General Motors



Johnson Matthey

BOSCH



DETROIT DIESEL
CORPORATION



DENSO



DAIMLERCHRYSLER



Diesel Emissions Reduction Act (DERA)

- Sen. Voinovich (R-OH), Sen. Carper (D-DE)
- Creates dedicated diesel retrofit funding program
- **Authorizes** \$200 Million/yr -- 5 yrs
 - 70/30 overall funding split – National – State
- Criteria: 50 % of funding must go to public fleets
 - All sectors, applications, vehicles & equipment
 - Priorities to non-attainment areas, cost effective projects and those benefiting greatest number of people
 - Provides matching incentive for state-funded programs
 - Not more than 10 % of funds to non-verified emerging technologies

Transportation Bill -- CMAQ Funding

▶ SAFETEA-LU

- \$1.6 to \$1.8 Billion/year overall program – 2005-2009

▶ **What's eligible?**: “replacement, re-powering, rebuilding, after treatment or other technology, as determined by the Administrator”

▶ **Who decides?**

- **States and MPOs** are directed to give priority to “(1) diesel retrofits, particularly where necessary to facilitate **contract** compliance, and other cost-effective emission reduction activities, taking into consideration air quality and health effects; and (2) cost-effective congestion mitigation activities that provide air quality benefits.”

EPA DERA Appropriations: Pros and Cons

► PROS:

- A dedicated retrofit program
- Established by consensus process -- industry and environmental groups
- High degree of support, passed Senate 92-1
- Can be used everywhere

► CONS:

- Nice program but NO money guaranteed yet
- New program seeking NEW MONEY- hard to find, competing priorities, (ie. war, hurricane relief, etc)

CMAQ Funding

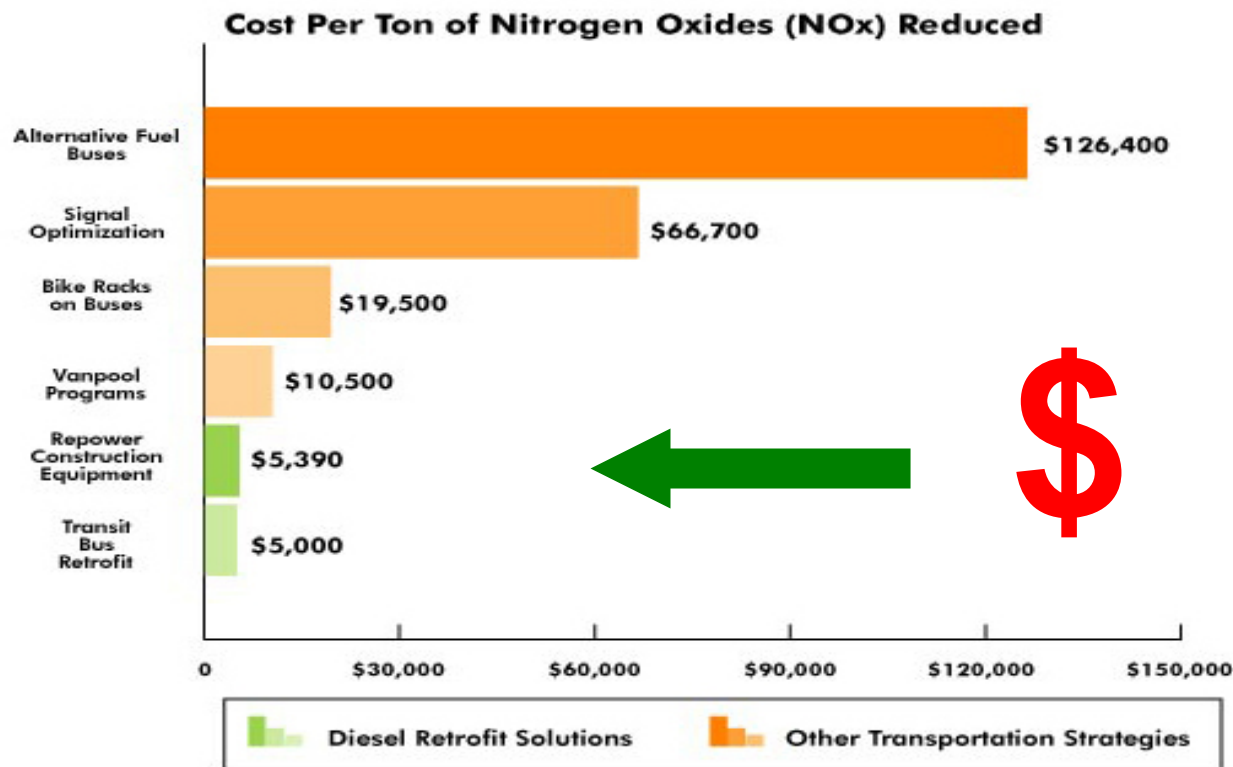
► PROS:

- Significant magnitude of funding \$1.6 Billion/annual
- Diesel retrofit priorities are established
- Broad opportunity for replacement, re-power, retrofit,
- Covers contracting requirements— *important for contractors.*

► CONS:

- Few diesel retrofit projects done in the past
- Competes with other types of projects with strong, established advocates
- Difficult, lengthy, confusing process for project consideration
- Priority for diesel retrofit not well known among all stakeholders
- Limited to non-attainment and maintenance areas

Clean Diesel Retrofits are Cost-Effective



This chart represents a sample of CMAQ-eligible strategies, including specific project examples. For a more complete list of CMAQ-eligible strategies, the cost-effectiveness of these project examples and full sourcing information, visit www.dieselforum.org.retrofit.

Assessment of Funding Options

- ▶ Most funding available: CMAQ
\$1.6 Billion/yr /'05-'09
- ▶ Most dedicated program: DERA
- ▶ Widest eligibility: DERA
- ▶ Most uncertain funding: DERA
Max \$200 million/yr for 5 yrs= \$1 Billion
- ▶ Most difficult application process CMAQ
- ▶ Most competitive source: CMAQ

DERA Funding

- ▶ President Bush's DERA budget request for \$49.5 million
- ▶ While short of \$200 million authorized, significantly more than appropriated last year
- ▶ More than 45 Senators and 85 Representatives have sent a letter to Appropriators asking to maintain the President's request
- ▶ Markup by House Appropriations subcommittee will be held on Thursday

Other Funding Concerns

- ▶ State and local air quality grant budget cut by \$35.1 million to \$185.2 million
- ▶ State & local grant program funds basic pollution control activities – needed for implementation of DERA
- ▶ Similar letters sent to appropriators requesting that previous funding levels be maintained.

For More Information

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